

ATTACHMENT: Revised Pages to the Existing
Customer Credit Subaccount Guidebook to Allow for
Retroactive Payments

Introduction

Assembly Bill 1890 (AB 1890)¹, enacted on September 23, 1996, provides \$540 million for the support of renewable electricity generation technologies. These funds will be collected from the ratepayers of the three largest investor owned utilities in California from 1998 through March 31, 2002, to support existing, new, and emerging renewable electricity generation technologies. As part of the requirements of AB 1890, the California Energy Commission (Energy Commission) submitted a Policy Report² to the Legislature with recommendations for allocating the \$540 million.

Senate Bill 90 (SB 90)³, enacted on October 12, 1997, places the \$540 million into the **Renewable Resource Trust Fund**, and directs the distribution of funds through four accounts: Existing Renewable Resources Account, New Renewable Resources Account, Emerging Renewable Resources Account, and Customer-Side Renewable Resource Purchases Account (which is divided into the Customer Credit Subaccount and Consumer Education). Table 1 shows funding allocations by year.

Senate Bill 995, ((SB 995)⁴, Wright, Chapter 1051, Statutes of 2000), enacted on September 30, 2000, extended the collection of funding for the **Renewable Resource Trust Fund Renewable Energy Program** through 2007, and established the Customer Credit Subaccount as a separate account, known as the Customer Credit Renewable Resources Account. Senate Bill 1038, ((SB 1038)⁵, Sher, Chapter 515, Statutes of 2002), enacted on September 12, 2002 allocated these new funds among the different accounts and directed included the requirement that the Energy Commission to report to the Governor and the Legislature on how best to most effectively utilize these funds for customer credits, including whether, and under what conditions, the Customer Credit program should be continued beyond December 31, 2001.

On April 2, 2003, the Energy Commission adopted approved the *Customer Credit Renewable Resources Account: Report to the Governor and the Legislature* and made which included the following recommendations: continue the Customer Credit program for the period January 1, 2002 to April 1, 2003 (January 2002 through March 2003 performance periods) using remaining SB 90 funds, to discontinue the Customer Credit program from April 1, 2003 forward, to pay for Customer Credit program activity from January 2002 through April 2003, using remaining SB 90 funds, and to re-allocate SB 1038 Customer Credit funds to the Renewable Resources Consumer Education Account, the Emerging Renewable Resources Account, and the New Renewable Resources Account as authorized by SB 1038.

Table 1

¹ Chapter 854, Statutes of 1996

² Policy Report on AB 1890 Renewables Funding, published March 1997, publication number 500-97-002.

³ Chapter 905, Statutes of 1997

⁴ Chapter 1051, Statutes of 2000

⁵ Chapter 515, Statutes of 2002

electricity bill. Renewable wholesalers may also participate in the program, but will not receive funds since wholesalers do not sell directly to end-users.

Funds will be distributed through a cents-per-kilowatt-hour (kWh) credit. Providers will be reimbursed for credit they pass onto consumers based on the cent-per-kWh credit level for eligible renewable power. For the first six months of this program, the credit level was set at 1.5 cents-per-kWh (the maximum allowable) in order to provide a stable market signal. Since funds were under-subscribed during the opening of the program, the credit level was set at 1.5 cents-per-kWh for the second six months of the program, ending on March 31, 1999. The credit level was held constant at 1.5 cents per kWh after the second six-month block through November 1999. Effective December 1, 1999 (load served in the December 1999 performance period), the credit level was lowered to 1.25 cents per kWh through June 2000.

From July 1, 2000 through December 31, 2000 (load served in the July 2000 – December 2000 performance periods) the credit level was set at 1.0 cent per kWh. The Energy Commission re-evaluated the credit level and decided to maintain the credit level at 1.0 cent per kWh from January 1, 2001 through June 30, 2001 (load served in the January 2001 – June 2001 performance periods) and again for the six month period from July 1, 2001 through December 31, 2001. The credit level will be set at 1.0 cent per kWh for payments made on load served in the January 2002 through March 2003 performance periods.

There is a cap of \$1,000 that any one non-residential or non-small commercial customer may receive in one year. Further, the combined non-residential and non-small commercial class may not receive more than \$15 million from the Customer Credit Subaccount. This \$15 million cap was reached in April 2001, so funding is no longer available for non-residential or non-small commercial customers.

The funds available for the Customer Credit Subaccount increase over time from 1998 through 2001 to reflect anticipated market growth as shown in Table 2. Annual funding allocations will be further allocated by month, and any unused funds will remain in the Customer Credit Subaccount for use in later months. At the end of the year 2001, any unused funds from all accounts will be reallocated to any one or more of the accounts within the **Renewable Resource Trust Fund**, based on market conditions at that time. Unused funds from the Customer Credit Subaccount will be used to make retroactive payments for activity in 2002 and early 2003.

Consumers may receive funding from this Subaccount via their electric service providers. Electric service providers and wholesalers interested in participating in the rebate must first apply to the Energy Commission for registration as a renewable energy service provider or wholesaler. Providers and wholesalers must register each specific product that they offer that will be eligible for Customer Credits. Those who register will receive a certificate stating they are a registered provider and eligible to receive funds from the Customer Credit Subaccount or that they are a wholesaler supplying energy that is eligible for funds.

Performance Report may, however, show that the eligible energy was generated in several different months, as long as sales to customers all occur during the performance period. Data for more than one product must be aggregated on one Monthly Performance Report.

On the Monthly Performance Report, providers may claim purchases from specific suppliers and/or wholesalers. Registered renewable wholesalers are required to submit form CEC-1890D-5, Monthly Performance Report for Wholesalers, on a schedule no less frequent than the providers to whom they sell or broker power.

Providers and registered wholesalers are encouraged to submit Monthly Performance Reports as soon as possible; however, the Energy Commission will not process payments on invoices prior to one month and 10 days after the end of the performance period. Note, for purposes of this discussion, “calendar month” refers to when MPRs are submitted to the Commission, and “performance period” refers to the month that the load was served. During the calendar months June 1998 through May 1999, the Commission accepted invoices from the 10 most recent applicable performance periods (that is, invoices were accepted up to 10 months and 10 days from the end of the performance period). For the calendar months June 1999 through December 1999, the Commission is accepting MPRs from the 7 most recent applicable performance periods (invoices accepted up to 7 months and 10 days from the end of the performance period). **Effective calendar month January 2000, the Commission will accept only invoices from the three most recent applicable performance periods – September, October and November 1999 (invoices accepted up to 3 months and 10 days from the end of the performance period). Consequently, an August 1999 MPR will not be accepted after December 10, 1999.**

Effective April 2003, the Energy Commission will accept the January 2002 through February 2003 invoices only until June 10, 2003. The invoice for March 2003 will be accepted up to 3 months and 10 days from the end of the performance period.

The Monthly Performance Reports are due to the Energy Commission by the Invoice Due Dates shown in Table 3 in order for the Energy Commission to make payments by the corresponding Anticipated Payment Date. Invoices received after a given Invoice Due Date will be processed the following month. Invoices may be submitted by mail or in person by 5:00 p.m. to the following address: **California Energy Commission, Accounting Office/ 1516 9th Street, MS-2 / Sacramento, CA 95814-5512**. The form may also be submitted by **Fax (# 916/653-1435)** no later than midnight of the due date, provided the original is subsequently submitted. Incomplete or illegible invoices will be returned with a written notice explaining why the invoice was rejected.

The Energy Commission intends to make payments from the Customer Credit Subaccount to qualified providers within 5 weeks of the Invoice Due Date. Therefore, payments for the Monthly Performance Reports submitted by January 11, 1999 should be mailed on or about February 17, 1999. Payment for the Monthly Performance Reports submitted by February 10, 1999 should be mailed on or about March 19, 1999,

Table 3
Invoicing Schedule

Invoice Due Date	Anticipated Payment Date	Payments may be made for the Performance Periods Listed Below*
May 11, 1998	June 17, 1998	April 1998
June 10, 1998	July 17, 1998	April 1998
July 10, 1998	August 17, 1998	April 1998—May 1998
August 10, 1998	September 16, 1998	April 1998—June 1998
September 10, 1998	October 19, 1998	April 1998—July 1998
October 13, 1998	November 19, 1998	April 1998—August 1998
November 10, 1998	December 17, 1998	April 1998—September 1998
December 10, 1998	January 18, 1999	April 1998—October 1998
January 11, 1999	February 17, 1999	April 1998—November 1998
February 10, 1999	March 19, 1999	April 1998—December 1998
March 10, 1999	April 16, 1999	April 1998—January 1999
April 12, 1999	May 19, 1999	May 1998—February 1999
May 10, 1999	June 16, 1999	June 1998—March 1999
June 10, 1999	July 19, 1999	October 1998—April 1999
July 12, 1999	August 18, 1999	November 1998—May 1999
August 10, 1999	September 17, 1999	December 1998—June 1999
September 10, 1999	October 18, 1999	January 1999—July 1999
October 10, 1999	November 17, 1999	February 1999—August 1999
November 10, 1999	December 17, 1999	March 1999—September 1999
December 10, 1999	January 17, 2000	April 1999—October 1999
January 10, 2000	February 16, 2000	Sept. 1999—November 1999
February 10, 2000	March 17, 2000	Oct. 1999—December 1999
March 10, 2000	April 17, 2000	November 1999—January 2000
April 10, 2000	May 16, 2000	December 1999—February 2000
May 10, 2000	June 16, 2000	Jan. 2000—March 2000
June 12, 2000	July 19, 2000	February 2000—April 2000
July 10, 2000	August 16, 2000	March 2000—May 2000
August 10, 2000	September 18, 2000	April 2000—June 2000
September 11, 2000	October 18, 2000	May 2000—July 2000
October 10, 2000	November 16, 2000	June 2000—August 2000
November 10, 2000	December 18, 2000	July 2000—September 2000
December 11, 2000	January 17, 2001	August 2000—October 2000
January 10, 2001	February 16, 2001	September 2000—November 2000
February 12, 2001	March 21, 2001	October 2000—December 2000
March 12, 2001	April 18, 2001	November 2000—January 2001
April 10, 2001	May 17, 2001	December 2000—February 2001
May 10, 2001	June 17, 2001	January 2001—March 2001
June 11, 2001	July 18, 2001	February 2001—April 2001
July 10, 2001	August 17, 2001	March 2001—May 2001
August 10, 2001	September 16, 2001	April 2001—June 2001
September 10, 2001	October 17, 2001	May 2001—July 2001
October 10, 2001	November 16, 2001	June 2001—August 2001
November 12, 2001	December 19, 2001	July 2001—September 2001
December 10, 2001	January 16, 2002	August 2001—October 2001
January 10, 2002	February 16, 2002	September 2001—November 2001
February 11, 2002	March 20, 2002	October 2001—December 2001
<u>June 10, 2003</u>	<u>July 15, 2003</u>	<u>January 2002 – February 2003</u>
<u>July 10, 2003</u>	<u>August 14, 2003</u>	<u>March 2003</u>
<p>* Monthly Performance Reports will not be accepted until 30 days after the end of the performance period claimed. For example, a November 1998 Monthly Performance Report may not be submitted until January 1, 1999. This is necessary in order to verify generation data.</p>		

The credit level, the rebate per kWh, was held constant over two six-month periods for the first year of the program. For the first six months of the program, the credit level was set at 1.5 cents-per-kWh. The Energy Commission reset the credit level at 1.5 cents-per-kWh for the next six months, ending March 31, 1999. The credit level remained at 1.5 cents-per-kWh through November 1999.

Effective December 1, 1999 (the load served in December 1999 for the December 1999 performance period) through June 2000, the credit level was set at 1.25 cents per kWh. From July 1, 2000 (the load served in July for the July performance period) through December 31, 2000 (the load served in December for the December 2000 performance period), the credit level was set at 1.0 cent per kWh. From January 1, 2001 through June 30, 2001 (the load served in the January 2001 through the June 2001 performance period), the credit level remained at 1.0 cent per kWh. The credit level will remain constant at 1.0 cent per kWh for the remainder of 2001. The credit level will be set at 1.0 cent per kWh for payments on load served in the January 2002 through the March 2003 performance periods. At no time will the credit level exceed 1.5 cents-per-kWh.

Providers are not required to conduct business with registered wholesalers to participate in the distribution of funds from the Customer Credit Subaccount. On their monthly performance reports, providers may show that they obtained eligible energy from either: 1) registered, in-state renewable suppliers that satisfy the funding criteria described on pages 3-5 and 24, or 2) registered wholesalers. Thus, providers who conduct business with wholesalers that do not register with the Energy Commission shall state on their monthly performance reports (in Box 9) that the energy is generated by registered, in-state renewable suppliers that satisfy the funding criteria.

Providers may receive a payment as reimbursement for the credit they have passed on to eligible, end-use customers for qualified renewable generation sold. The Energy Commission intends to ensure that payments from the Customer Credit Subaccount are only made after both of the following criteria are met: eligible renewables have been purchased by providers AND credits have been passed on to consumers. To allow providers flexibility in billing without being penalized for monthly variations in their annual products, the Energy Commission will keep track of, or "bank," two values: 1) the number of kWh of any eligible generation that a provider has purchased above that reflected in credit on customer bills, i.e. the "excess generation," and 2) the number of kWh of load served that corresponds to any credit amounts reflected on customer bills prior to purchasing eligible generation, i.e. the "excess Customer Credits."

Effective the December 1999 performance period, the credits banking system will keep track of kWh rather than dollars. Previously, the banking system tracked dollars, but tracking by kWh will be effective at the same time as the change in the credit level. If the credit banked is excess generation, then the kWh that are banked will be multiplied by the credit level in place at the time the matching load is reported. For example, if a provider banks excess generation in November, 1999, and then reports matching load

eligible tickets from one registered renewable provider and its commodity energy from another registered renewable provider (such transactions would not qualify for customer credits).

Timing of Generation

The Renewable Energy Program allows flexibility in matching electricity supplies with customer load and does not require an hourly or even monthly matching of the two, but does impose some restrictions on the timing of generation and when energy supplies must be reported.

One restriction in when generation may be reported to the Customer Credit Subaccount is that energy supplies must not be reported any sooner than two months after the generation has occurred. This is necessary in order to verify the generation that is reported in MPRs and amended MPRs. Eligible supplies will not be payable unless the energy was generated at least two months before the applicable invoice due date shown on Table 3. For example, a June MPR submitted to the Commission by the August due date should not include supplies that were generated in July or August. However, if the June MPR is submitted in September, then generation that occurred in July would be payable on the June MPR.

The generation that may be included on the January 2002 through March 2003 -any given-MPRs is shown in Table 3A. Table 3A shows that for each the January 2002 through February 2003 performance periods, a provider must submit data by June 10, 2003 to receive payment. For the March 2003 performance periods, the provider has the option of three different months for which the MPR may be submitted, consistent with the Invoice Schedule (Table 3). The eligible supplies that a provider may claim on an MPR will depend on when the MPR is submitted to the Commission and is shown in detail in Table 3A.

A second restriction limits how late generation may be reported. Effective the November 2000 MPR, electricity supplies that are claimed as eligible for customer credits (in Boxes 8 and 9 of the MPR) must be reported on an MPR of the same calendar year in which it is generated, or in some cases, in January or February of the following calendar year. A November 2000 MPR can include energy generated in year 2000 or in January 2001, depending upon when the MPR is submitted to the Commission. A December 2000 MPR can include energy generated in year 2000, or in January or February 2001, depending upon when the MPR is submitted to the Commission.

Additionally, for the January and February 2001 MPRs, Boxes 8 and 9 may include eligible supplies generated in calendar year 2000 or 2001. For the March 2001 MPR through the October 2001 MPR, claims of eligible supplies must be generated in calendar year 2001. November and December 2001 MPRs may include energy generated in January 2002 (allowable for the November and December 2001 MPRs depending on when the MPR is submitted to the Commission) or February 2002 (allowable for the December 2001 MPR only and only if it is not submitted until the last date allowable under Table 3A.)

Table 3A: Schedule for Submitting MPRs, and Generation that May Be Included

Month load is served (performance period of MPR)	Three options for submitting each MPR*					
	Option 1 EARLIEST MPR can be submitted		MPR can include electricity generated in these months		Option 2 Month MPR can be submitted	
			MPR can include electricity generated in these months		Option 3 LATEST MPR can be submitted	
					MPR can include electricity generated in these months	
Nov-00 Dec-00	Jan-10-01 Feb-12-01	Jan-00 -- Nov-00 Jan-00 -- Dec-00	Feb-12-01 Mar-12-01	Jan-00 -- Dec-00 Jan-00 -- Jan-01	Mar-12-01 Apr-10-01	Jan-00 -- Jan-01 Jan-00 -- Feb-01
Jan-012	Mar-12Jun-10-03-01	Jan-001 -- Jan-012	Jun-10-03Apr-10-01	Jan-001 -- Feb-012	Jun-10-03May-10-01	Jan-001 -- Mar-012
Feb-024	Jun-10-03Apr-10-01	Jan-001 -- Feb-012	Jun-10-03May-10-01	Jan-001 -- Mar-012	Jun-10-03Jun-11-01	Jan-001 -- Apr-012
Mar-042	Jun-10-03May-10-01	Jan-024 -- Mar-0102	Jun-10-03Jun-11-01	Jan-042 -- Apr-012	Jun-10-03Jul-10-01	Jan-001 -- May-012
Apr-042	Jun-10-03Jun-11-01	Jan-012 -- Apr-012	Jun-10-03Jul-10-01	Jan-042 -- May-012	Jun-10-03Aug-10-01	Jan-001 -- Jun-012
May-042	Jun-10-03Jul-10-01	Jan-012 -- May-012	Jun-10-03Aug-10-01	Jan-042 -- Jun-012	Jun-10-03Sep-10-01	Jan-001 -- Jul-024
Jun-042	Jun-10-03Aug-10-01	Jan-012 -- Jun-012	Jun-10-03Sep-10-01	Jan-042 -- Jul-012	Jun-10-03Oct-10-01	Jan-001 -- Aug-024

<u>Jul-042</u>	<u>Jun-10-03</u> 01	Jan-04 2 -- Jul-04 2	<u>Jun-10-03</u> 01	Jan-04 2 -- Aug-04 2	<u>Jun-10-03</u> 01	Jan-04 2 -- Sep-04 2
<u>Aug-042</u>	<u>Jun-10-03</u> 01	Jan-04 2 -- Aug-04 2	<u>Jun-10-03</u> 01	Jan-04 2 -- Sep-04 2	<u>Jun-10-03</u> 01	Jan-04 2 -- Oct-04 2
<u>Sep-042</u>	<u>Jun-10-03</u> 01	Jan-04 2 -- Sep-04 2	<u>Jun-10-03</u> 01	Jan-04 2 -- Oct-04 2	<u>Jun-10-03</u> 01	Jan-04 2 -- Nov-04 2
<u>Oct-042</u>	<u>Jun-10-03</u> 01	Jan-04 2 -- Oct-04 2	<u>Jun-10-03</u> 01	Jan-04 2 -- Nov-04 2	<u>Jun-10-03</u> 01	Jan-04 2 -- Dec-04 2
<u>Nov-042</u>	<u>Jun-10-03</u> 01	Jan-04 2 -- Nov-04 2	<u>Jun-10-03</u> 01	Jan-04 2 -- Dec-04 2	<u>Jun-10-03</u> 01	Jan-04 2 -- Jan-05 2
<u>Dec-02</u>	<u>Jun-10-03</u>	Jan-02 -- Dec-02	<u>Jun-10-03</u>	Jan-02 -- Jan-03	<u>Jun-10-03</u>	Jan-02 -- Feb-03
<u>Jan-03</u>	<u>Jun-10-03</u>	Jan-02 -- Mar-03	<u>Jun-10-03</u>	Jan-02 -- Mar-03	<u>Jun-10-03</u>	Jan-02 -- Mar-03
<u>Feb-03</u>	<u>Jun-10-03</u>	Jan-02 -- Mar-03	<u>Jun-10-03</u>	Jan-02 -- Mar-03	<u>Jun-10-03</u>	Jan-02 -- Apr-03
<u>Mar-03</u>	<u>Jun-10-03</u>	Jan-03 -- Mar-03	<u>Jun-10-03</u>	Jan-03 -- Apr-03	<u>Jun-10-03</u>	Jan-02 -- May-03
<u>Dec-04</u>	<u>Feb-11-02</u>	Jan-04 -- Dec-04	<u>Mar-10-04</u>	Jan-04 -- Jan-05	<u>Apr-1-04</u>	Jan-04 -- Feb-05

* There is a three-month window for submitting MPRs for March 2003. This table shows the ~~three~~ options for ~~the first, middle and last the~~ month that the MPR can be submitted.

Amending Monthly Performance Reports

Periodically, it may be necessary to make adjustments to a provider's or a wholesaler's monthly performance report (for instance, it may be necessary to correct a meter reading or reporting error). If a provider or wholesaler needs to amend an MPR, they must complete form CEC-1890-4 (providers) or form CEC-1890D-6 (wholesalers) and submit it to the Commission following the same schedule as that for original MPRs. For example, a January 2000 amended MPR would not be accepted after May 10, 2000. Amendments for the January 2002 through March 2003 performance periods may be submitted until July 10, 2003. However, if at any time a provider or wholesaler discovers that it has submitted an MPR or an amended MPR to the Energy Commission that includes errors that resulted in over payment by the Commission, that party must notify the Commission as soon as possible, regardless of whether or not the performance period is payable under the invoice schedule.

Payments on amendments are reflected in payment statements as adjustments to the payment of an MPR. Consequently, amended MPRs are not payable until an original MPR is also filed. For example, if on April 12, 2000 a provider submits a January 2000 amended MPR, it must also submit an original February 2000 MPR in order to receive payment on the amendment by May 16. If the February MPR is not submitted until the following month, then the adjustment will be paid at that time.

CEC-1890D-4, Monthly Performance Report Amendment for Renewable Providers

This is a form to amend a Monthly Performance Report for Providers that contains incorrect data. Only sections where data have changed need to be completed, and the data indicated on the form should show the amount of the change (not the new value). Whether a change is positive or negative should be indicated in each appropriate box, with a positive value indicating an increase in claims. For instructions on what data are needed for Boxes 1-9 see the instructions above for Form CEC-1890D-2. For instructions for boxes 10-12 of Form CEC-1890D-4, read the following paragraphs.

10. **Attachment** - Proof of Purchase for items entered in Box 9. Proof of purchases can be invoices or other documentation, but should be from the generator or wholesaler indicated in Box 9. If the kWh in the invoice does not match the kWh claimed in Box 9, please provide a written explanation. A sample invoice can be found at the back of the guidebook.
11. **Attachment** – Explanation for amendment. Providers must include a written statement explaining the reason for the amendment.
12. **Declaration** -- The declaration must be completed by an officer of the company, such as the Chief Executive Officer, Chief Financial Officer, or similar officer with authority to bind the company.

CEC-1890D-5, Monthly Performance Report for Renewable Wholesalers